

STATEMENT OF PURPOSE

RS20818

The Public Works Contractor License classifications contains a wide disparity between the “B” and “C” license classes in terms of the work experience and financial abilities necessary to qualify for each license. Currently, in order to qualify for a class “B” license an applicant must possess qualifications to execute contracts for public works involving an estimated cost of at least six hundred thousand dollars (\$600,000) and administrative rule requires that they have a minimum net worth of one hundred fifty thousand dollars (\$150,000) with fifty thousand dollars (\$50,000) in working capital. In order to qualify for the lesser class “C” license an applicant must possess qualifications to execute contracts for public works involving an estimated cost of at least two hundred thousand dollars (\$200,000) and rule requires that they have a minimum net worth of twenty five thousand dollars (\$25,000) with seven thousand five hundred dollars (\$7,500) in working capital. Licensure in the “B” and “C” classes permits a contractor to work on projects with an estimated cost in amounts of six hundred thousand (\$600,000) and two hundred thousand (\$200,000) respectively. However, many contractors have indicated that there are many projects that fall within the two hundred thousand (\$200,000) to three hundred thousand (\$300,000) range that currently require a “B” class license. Contractors and contracting entities have endorsed the concept of establishing an additional intermediate class between the “C” and “B” classes, with a corresponding level of qualification. The creation of a new class “CC” license would allow an applicant with the requisite work experience and financial ability - to include a subsequent administrative rule requirement of a minimum net worth of seventy five thousand dollars (\$75,000) with twenty five thousand dollars (\$25,000) in working capital - to execute public works contracts of not more than four hundred thousand dollars (\$400,000).

FISCAL NOTE

The fiscal impact to the Division would be neutral inasmuch as the licensure fee for the new “CC” class would cover the expense to the Division of administering the license. The fiscal impact to the industry on balance would be neutral inasmuch as contractors who desired the higher or lower “CC” classification of license would apply for it in lieu of the existing “B” and “C” classification.

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